

Good morning!

Welcome!

I need to buy stuff but I don't have the cash-
this is probably not a choice-



Other Opportunities-

1. Sell spare electronics
2. Sell your gift cards
3. Pawn something
4. Work today for fast cash today
5. Ask for forbearance on bills
6. Request a payroll advance
7. Sell useless pieces of paper and convince people they are actually “owners” of a pro football team #skol

Debt and Borrowing

- Municipalities construct public facilities, install infrastructure, and acquire capital equipment.
- Municipalities (and their related development authorities) may also assist in the financing of private facilities to further redevelopment and economic development.

How do they do all this?

- Municipalities finance these activities in a variety of ways, including through dedicated funds, specific revenue streams, and the general tax levy.

Debt and Borrowing

The statutory procedure for municipal borrowing is known to the general public as issuing “bonds”.

Municipal bonds are unique in the world of finance and are strictly governed by state statutes (and, in the realm of tax-exemption, by federal laws and regulations).



Debt and Borrowing

Bonds can be classified in various ways

- The source of payment (often referred to as the “security”)
- The type of facility will be financed from proceeds of the bonds (often referred to as the “purpose” of the bonds)
- What entity will own the facility financed from the bonds (i.e., who is the “user” of the bond proceeds).

Debt and Borrowing

In accordance with Wisconsin Statutes, total general obligation indebtedness of the city may not exceed 5% of the equalized value of taxable property within the municipality's jurisdiction.



Debt and Borrowing-General Obligation

General Obligation (“GO”) Bonds

- The most common type of bonds issued by municipalities are “general obligations,” which are defined as “obligations which pledge the full faith and credit of the municipality to their payment.”

Debt and Borrowing-General Obligation

The pledge of “full faith and credit” means that the issuing municipality must use any assets it owns to pay the bonds—including use of its power of ad valorem tax levy.

- In effect, it is promising to levy a tax in the amount needed to pay principal and interest on the bonds for their entire term.
- That tax levy is unlimited by any statute (unlike General property taxation)

Debt and Borrowing-General Obligation

When investors purchase a general obligation bond, they are relying upon

- the general financial condition of the municipality
- the condition of the municipality's residents and businesses, which will be required to pay an additional property tax.

Debt and Borrowing-General Obligation

- This type of bond is, by far, the most secure—the type most likely to be repaid in full—and therefore carries the lowest interest rates.
 - Risk vs Rates
- General obligation bonds are usually the most inexpensive method for municipalities to finance their capital needs

Debt and Borrowing-Type of Security

Revenue Bonds



Debt and Borrowing-Revenue Bond

- Revenue bonds are obligations for which the issuing municipality promises to pay principal and interest only from a specific revenue source.
- If the revenues are not sufficient to pay debt service, the municipality has no obligation to levy a tax or otherwise make a payment—bond holders simply get paid less (which may or may not trigger a “default” in the bonds).
- Revenue bonds are less secure than general obligation bonds, as the likelihood of repayment depends on the long-term strength of the revenue stream pledged to the bonds.
 - Interest rates on this type of bond are higher (to compensate the investor for increased risk).

Debt and Borrowing-Revenue Bond

Three common types of Revenue Bonds are:

- Bonds issued to finance “revenue producing conveniences,” public enterprises producing their own revenue, such as electric utilities, municipal golf courses and ice arenas
- So-called “conduit bonds” issued to finance various private health care, housing, and manufacturing facilities. (CDA)
- Tax increment financing (“TIF”) bonds are payable solely by the tax increment generated from one or more tax increment financing districts.

Debt and Borrowing-Private Placement

- Is what it sounds like-shop it around-negotiated.
- Expenses can be less
 - Reduced Bond Counsel efforts
- Size of issue is often smaller
 - Size is too small to attract attention
 - Small issues often have higher rates reflecting general lack of interest in public sale.

Debt and Borrowing-Ratings

- What is a rating?
- Why is it important?
- What does it allege to tell the investment community?
- Your role:
 - OS
 - Public notice
 - Initial Resolution
 - Final Resolution/Sale
 - Settlement
 - Premium payments

Moody's	Standard & Poors** Plus (+) or Minus (-)
Aaa	AAA
Aa	AA
A*	A
Baa*	BBB
Ba	BB
B	B
Caa	C
Ca, C	D

How are bonds rated?

- A bond rating indicates the credit quality of an issuer and is given to a bond by a ratings agency. The rating considers a bond issuer's financial strength or ability to pay the required principal and interest.
- Credit ratings agencies provide investors with quantitative and qualitative descriptions of the available fixed income securities.
- Generally a "Aaa" high grade rated bond offers more security and lower yield than a "B-" rated security.

Will my rating change?

- Rating agencies typically don't change a rating, up or down, overnight. Instead, rating agencies first use ratings reviews (often called "watches") and ratings outlooks to signal that a rating change may be warranted in the near term or medium term, respectively.
- Ratings outlooks (such as positive, negative, stable or developing) are the rating agency's assessment of the likely direction of a rating over the medium term.
- A stable outlook indicates a low likelihood of a rating change, while a negative, positive or developing outlook indicates a higher likelihood of a rating change.

What is EMMA?

- The Electronic Municipal Market Access (EMMA) service is a website created to provide information about municipal bonds, bond prices, and market trends to the public.
- EMMA's tools and research allow investors to search for municipal bonds with an income profile and terms that are suitable for their unique portfolios.
- EMMA was created by the Municipal Securities Rule-making Board (MSRB), a self-regulatory organization created by the U.S. Congress to promote a fair and efficient municipal securities market.

More about EMMA...

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- Individual and professional investors can use EMMA to find information about the issuers of municipal bonds, past bond trading history, prices, and disclosure documents.
- The EMMA website includes tools to search for municipal bonds, calendars of relevant economic announcements and upcoming bond offerings.
- <https://emma.msrb.org/>

What is a CUSIP Number?

- A CUSIP number is a unique nine-digit identification number assigned to equity, debt, and other securities registered bonds in the United States and Canada. It is used to create a concrete distinction between individual securities that are traded on public markets.
- These numbers are used to help facilitate trades and settlements by providing a constant identifier to help distinguish the securities within a trade.
- Each trade and the corresponding CUSIP number are recorded to facilitate the tracking of actions and activities.

EMMA Database-Example

CUSIP*	Principal Amount at Issuance (\$)	Security Description *	Coupon	Maturity Date	Initial Offering (%)			Current LT Rating			
					Price/Yield	Price	Yield	Fitch	KBRA	Moody's	S&P
351514LQ5	145,000	PROM NTS-SER A	4	04/01/2023	-	101.543	1.65	-	-	-	-
351514LR3	215,000	PROM NTS-SER A	4	04/01/2024	-	103.254	2	-	-	Aaa	-
351514LS1	220,000	PROM NTS-SER A	4	04/01/2025	-	104.762	2.15	-	-	Aaa	-
351514LT9	230,000	PROM NTS-SER A	4	04/01/2026	-	106.155	2.24	-	-	Aaa	-
351514LU6	240,000	PROM NTS-SER A	4	04/01/2027	-	107.474	2.3	-	-	Aaa	-
351514LV4	255,000	PROM NTS-SER A	4	04/01/2028	-	108.258	2.43	-	-	Aaa	-
351514LW2	265,000	PROM NTS-SER A	4	04/01/2029	-	108.831	2.55	-	-	Aaa	-
351514LX0	270,000	PROM NTS-SER A	3	04/01/2030	-	102.123	2.65	-	-	Aaa	-
351514LY8	280,000	PROM NTS-SER A	3	04/01/2031	-	101.51	2.75	-	-	Aaa	-
351514LZ5	290,000	PROM NTS-SER A	3	04/01/2032	-	100.902	2.85	-	-	Aaa	-

Secondary Market

Trade Date/Time ▲	Security Description *	Coupon (%)	Maturity Date	Price (%)	Yield (%)	Calculation Date & Price (%)	Trade Amount (\$)	Trade Type	Special Condition
10/27/2023 11:11 AM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2024	99.793	4.491	04/01/2024 @ 100	175,000	Customer sold	
10/27/2023 01:48 PM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2024	99.895	4.242	04/01/2024 @ 100	175,000	Customer bought	N
10/27/2023 01:48 PM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2024	99.895	4.242	04/01/2024 @ 100	175,000	Inter-dealer trade	
11/16/2023 09:46 AM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2029	103.371	3.308	04/01/2029 @ 100	265,000	Customer sold	N
11/16/2023 09:46 AM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2029	103.371	3.308	04/01/2029 @ 100	265,000	Inter-dealer trade	
11/16/2023 10:02 AM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2029	103.911	3.2	04/01/2029 @ 100	65,000	Customer bought	
11/17/2023 10:38 AM	VILLAGE OF FOX POINT MILWAUKEE COUNTY, WISCONSIN / GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2022A	4	04/01/2029	103.909	3.2	04/01/2029 @ 100	200,000	Customer bought	

We have never been rated! Yikes!

- Prepare your staff to handle the administrative burden.
- The formal credit rating process itself may take 4-6 weeks after the initial request, and can include in-person meetings, calls with rating analysts, and project site visits.
- Consider consulting with third-party financial experts, who can prepare information and assist with developing a long-term financial plan for presentation to bond rating agencies.

More on the first rating-

- Provide a consistent message and information to the bond rating agency.
- Before providing any information to a bond rating agency, make sure you and your staff have developed – and practiced – a consistent financial message. Inconsistencies can result in skepticism and lower bond ratings.
- S&P and Moody's also often share notes and will look for inconsistencies between interviews. Be sure to provide consistent information to both agencies

Be ready!

- Be prepared to answer challenging questions about your financial past, present and future.
- S&P and Moody's look at a wide range of factors when determining your municipal bond rating. Be prepared explain your community's financial landscape, including factors such as:

Questions from Ratings Agencies!

- Where does your revenue come from?
- What projects do you need to complete and why?
- Who are your largest employers?
- How do you spend funds?
- What services you provide?
- Diversity of your tax base and tax revenue.
- What project(s) you plan to issue a bond for and why.

“Play the game...”

- Know which financial features to highlight and which to downplay.
- Factors that can set you up for a stronger rating include:
 - Continuity and low turnover within city finance management/administration.
 - Ability to be flexible with expenditures.
 - Self-supporting funding through fee-based service revenue such as water and sewer fees.
 - Having a capital improvement plan or structured long-term financial planning.

And not so good....

- Factors could result in a lower rating include: Ignoring recommendations and action items outlined in your annual financial audit. Credit rating agencies consider this in their initial rating, and in their annual reassessment.
- City Charter amendments for issues such as limiting terms a City Manager can serve, or unions proposing changes to police and fire wages and benefits

What does an opinion look like?

U.S. PUBLIC FINANCE

Moody's
INVESTORS SERVICE

CREDIT OPINION
29 June 2023

[Send Your Feedback](#)

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EMEA	44-20-7772-5454

Village of Fox Point, WI
Update to credit analysis

Summary
The [Village of Fox Point, WI](#) (Aaa) benefits from prudent financial management and a favorable location just outside [Milwaukee](#) (A3 negative) that supports strong resident income and full value per capita. Long-term liabilities are moderate and fixed costs are low.

Credit strengths

- » Favorable location just outside Milwaukee that supports strong resident income and full value per capita
- » Strong and stable financial position
- » Modest fixed costs

Credit challenges

- » Reserves and liquidity are nominally limited relative to other Aaa rated cities nationally because of the village's small scale of operations
- » State imposed levy limits restrict revenue raising flexibility

Rating outlook
The stable outlook reflects the expectation that the village's credit profile will remain strong and will continue to be supported by conservative financial management.

Factors that could lead to an upgrade

- » Not applicable

Factors that could lead to a downgrade

- » Deterioration of the local economy and associated economic indicators
- » Declines in reserves or liquidity
- » Increase in long-term leverage or fixed costs

How to get a better rating-Part II

- Outside of stronger financials-**Be ready for the call**; practice OR have the right person do it. It might not be who you think.
- Ability to pay.....remember...a bond is a “promise to pay”.
- Adequate reserves
- Do you have free cash flow? Operationally sound?
- Long term plan for debt and capital financing?
- Be aware of the world. Markets. Redemptions. Your place in the credit arena. (When to sell can be very important)

Cost

- Bond Counsel 15,000 + (Ours is \$16,000)
- Financial Advisory Fee (Depends on size and complexity)

Thank you!

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